

Ocean Energy Bureau, Interior

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within the area of the discovery and report the discovery to the Regional Director. If investigations determine that the resource is significant, the Regional Director will inform the right-of-way holder how to protect it.

(d) The Regional Supervisor shall be kept informed at all times of the right-of-way holder's address and, if a corporation, the address of its principal place of business and the name and address of the officer or agent authorized to be served with process.

(e) The right-of-way holder shall pay the United States or its lessees or right-of-way holders, as the case may be, the full value of all damages to the property of the United States or its said lessees or right-of-way holders and shall indemnify the United States against any and all liability for damages to life, person, or property arising from the occupation and use of the area covered by the right-of-way grant.

(f)(1) The holder of a right-of-way oil or gas pipeline shall transport or purchase oil or natural gas produced from submerged lands in the vicinity of the pipeline without discrimination and in such proportionate amounts as the FERC may, after a full hearing with due notice thereof to the interested parties, determine to be reasonable, taking into account, among other things, conservation and the prevention of waste.

(2) Unless otherwise exempted by FERC pursuant to 43 U.S.C. 1334(f)(2), the holder shall—

(i) Provide open and nondiscriminatory access to a right-of-way pipeline to both owner and nonowner shippers, and

(ii) Comply with the provisions of 43 U.S.C. 1334(f)(1)(B) under which FERC may order an expansion of the throughput capacity of a right-of-way pipeline which is approved after September 18, 1978, and which is not located in the Gulf of Mexico or the Santa Barbara Channel.

(g) The area covered by a right-of-way and all improvements thereon shall be kept open at all reasonable times for inspection by the Minerals Management Service (MMS). The right-of-way holder shall make available all records relative to the design, construction, operation, maintenance

and repair, and investigations on or with regard to such area.

(h) Upon relinquishment, forfeiture, or cancellation of a right-of-way grant, the right-of-way holder shall remove all platforms, structures, domes over valves, pipes, taps, and valves along the right-of-way. All of these improvements shall be removed by the holder within 1 year of the effective date of the relinquishment, forfeiture, or cancellation unless this requirement is waived in writing by the Regional Supervisor. All such improvements not removed within the time provided herein shall become the property of the United States but that shall not relieve the holder of liability for the cost of their removal or for restoration of the site. Furthermore, the holder is responsible for accidents or damages which might occur as a result of failure to timely remove improvements and equipment and restore a site. An application for relinquishment of a right-of-way grant shall be filed in accordance with §250.1019 of this part.

[53 FR 10690, Apr. 1, 1988, as amended at 54 FR 50617, Dec. 8, 1989; 55 FR 47753, Nov. 15, 1990; 59 FR 53094, Oct. 21, 1994; 62 FR 27955, May 22, 1997. Redesignated and amended at 63 FR 29479, 29486, May 29, 1998; 63 FR 34597, June 25, 1998; 64 FR 9065, Feb. 24, 1999. Further redesignated and amended at 68 FR 69311, 69312, Dec. 12, 2003; 72 FR 25201, May 4, 2007]

§250.1011 Bond requirements for pipeline right-of-way holders.

(a) When you apply for, or are the holder of, a right-of-way, you must:

(1) Provide and maintain a \$300,000 bond (in addition to the bond coverage required in part 256) that guarantees compliance with all the terms and conditions of the rights-of-way you hold in an OCS area; and

(2) Provide additional security if the Regional Director determines that a bond in excess of \$300,000 is needed.

(b) For the purpose of this paragraph, there are three areas:

(1) The Gulf of Mexico and the area offshore the Atlantic Coast;

(2) The areas offshore the Pacific Coast States of California, Oregon, Washington, and Hawaii; and

(3) The area offshore the Coast of Alaska.

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(c) If, as the result of a default, the surety on a right-of-way grant bond makes payment to the Government of any indebtedness under a grant secured by the bond, the face amount of such bond and the surety's liability shall be reduced by the amount of such payment.

(d) After a default, a new bond in the amount of \$300,000 shall be posted within 6 months or such shorter period as the Regional Supervisor may direct. Failure to post a new bond shall be grounds for forfeiture of all grants covered by the defaulted bond.

[53 FR 10690, Apr. 1, 1988, as amended at 54 FR 50617, Dec. 8, 1989; 55 FR 47753, Nov. 15, 1990; 59 FR 53094, Oct. 21, 1994; 62 FR 27955, May 22, 1997. Redesignated and amended at 63 FR 29479, 29486, May 29, 1998; 63 FR 34597,

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June 25, 1998; 64 FR 9065, Feb. 24, 1999. Further redesignated and amended at 68 FR 69311, 69312, Dec. 12, 2003; 72 FR 25201, May 4, 2007]

§ 250.1012 Required payments for pipeline right-of-way holders.

(a) You must pay MMS an annual rental of \$15 for each statute mile, or part of a statute mile, of the OCS that your pipeline right-of-way crosses.

(b) This paragraph applies to you if you obtain a pipeline right-of-way that includes a site for an accessory to the pipeline, including but not limited to a platform. This paragraph also applies if you apply to modify a right-of-way to change the site footprint. In either case, you must pay the amounts shown in the following table.

| If... | Then... |
|------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| (1) Your accessory site is located in water depths of less than 200 meters; | You must pay a rental of \$5 per acre per year with a minimum of \$450 per year. The area subject to annual rental includes the areal extent of anchor chains, pipeline risers, and other facilities and devices associated with the accessory. |
| (2) Your accessory site is located in water depths of 200 meters or greater; | You must pay a rental of \$7.50 per acre per year with a minimum of \$675 per year. The area subject to annual rental includes the areal extent of anchor chains, pipeline risers, and other facilities and devices associated with the accessory. |

(c) If you hold a pipeline right-of-way that includes a site for an accessory to your pipeline and you are not covered by paragraph (b) of this section, then you must pay MMS an annual rental of \$75 for use of the affected area.

(d) You may make the rental payments required by paragraphs (a), (b)(1), (b)(2), and (c) of this section on an annual basis, for a 5-year period, or for multiples of 5 years. You must make the first payment at the time you submit the pipeline right-of-way application. You must make all subsequent payments before the respective time periods begin.

(e) *Late payments.* An interest charge will be assessed on unpaid and underpaid amounts from the date the amounts are due, in accordance with the provisions found in 30 CFR 218.54. If you fail to make a payment that is late after written notice from MMS, MMS may initiate cancellation of the right-

of-use grant and easement under 30 CFR 250.1013.

[68 FR 69312, Dec. 12, 2003, as amended at 69 FR 29433, May 24, 2004]

§ 250.1013 Grounds for forfeiture of pipeline right-of-way grants.

Failure to comply with the Act, regulations, or any conditions of the right-of-way grant prescribed by the Regional Supervisor shall be grounds for forfeiture of the grant in an appropriate judicial proceeding instituted by the United States in any U.S. District Court having jurisdiction in accordance with the provisions of 43 U.S.C. 1349.

[53 FR 10690, Apr. 1, 1988, as amended at 54 FR 50617, Dec. 8, 1989; 55 FR 47753, Nov. 15, 1990; 59 FR 53094, Oct. 21, 1994; 62 FR 27955, May 22, 1997. Redesignated and amended at 63 FR 29479, 29486, May 29, 1998; 63 FR 34597, June 25, 1998; 64 FR 9065, Feb. 24, 1999. Further redesignated and amended at 68 FR 69311, 69312, Dec. 12, 2003]